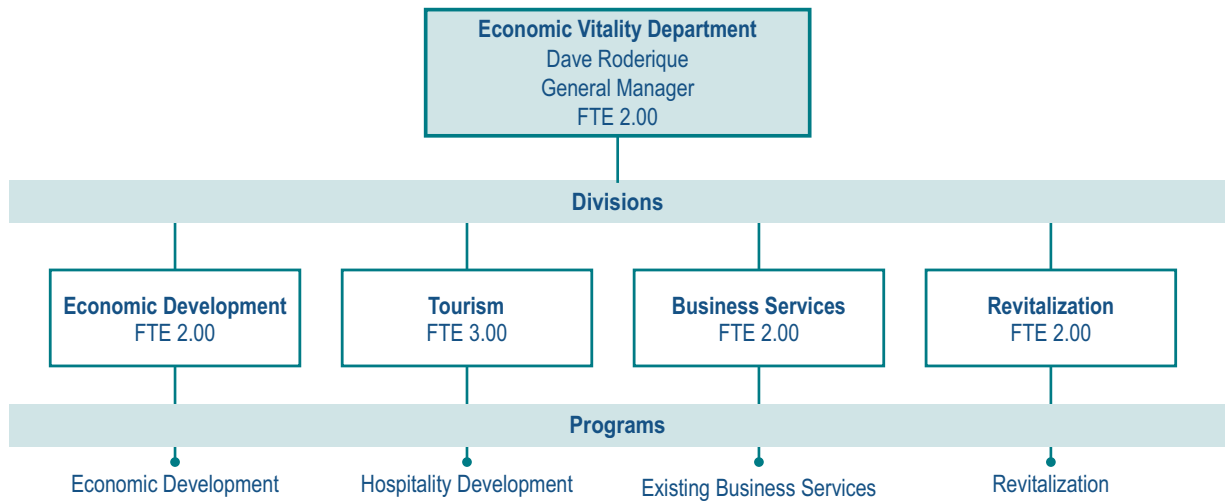


Economic Vitality Department

Mission

To position Scottsdale for sustainable, long-term economic vitality in order to enhance the quality of life for all residents.



Staff Summary

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Full-time Equivalent (FTE)	8.00	10.00	10.00	11.00
% of City's FTE				0.4%

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$720,244	\$835,452	\$836,007	\$1,014,752
Contractual Services	5,467,167	5,428,023	6,220,966	7,016,840
Commodities	10,941	17,002	17,002	28,811
Total Program Budget	\$6,198,352	\$6,280,477	\$7,073,975	\$8,060,403
% of City's Total Program Operating Budget				2.5%

ECONOMIC VITALITY ADMINISTRATION

Economic Vitality Department

Program Description

The Economic Vitality Administration program provides administrative services for the Economic Vitality Department.

Trends

The Economic Vitality Department continues to maintain full services internally and externally to best position the City economically.

Program Broad Goals

Effective administration of the Economic Vitality Department.

Program 2005/06 Objectives

Continue to be efficient in use of monetary resources. Target is to come in under budget by at least 2% this year.

Continue to effectively manage department personnel to accomplish all goals of adopted Economic Vitality Strategic Plan.

Program Provided in Partnership With

City Council, City Manager, Economic Vitality Department, other City departments

Program Customers

City Council, City Manager, Economic Vitality Department

City Council's Broad Goal(s)

Economy

Basic Equipment

Computers, telephones, general office equipment

Special Equipment

None

Resources by Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
General Fund Support	\$257,556	\$289,738	\$325,232	\$314,197
Total Program Revenues	\$257,556	\$289,738	\$325,232	\$314,197

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$190,847	\$197,116	\$197,116	\$215,254
Contractual Services	58,557	83,822	119,316	89,893
Commodities	8,152	8,800	8,800	9,050
Total Program Budget	\$257,556	\$289,738	\$325,232	\$314,197

Performance Measures

Program/Service Outcomes: (based on program objectives)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
% of expenditures under budget	n/a	2%	2%	2%

Program Staffing

1 Full-Time Admin Secty	1.00
1 Full-Time GM Economic Vitality	1.00
Total Program FTE	2.00

Prior Year Highlights

Successfully negotiated and secured a redevelopment agreement for the former Los Arcos Mall site to convert it into the ASU Scottsdale Center for New Technology and Innovation, a 1.2 mil. sq.ft. research campus.

Continued to prudently manage departmental budgets – will turn in an estimated 8% savings for the 2004-2005 fiscal year.

ECONOMIC DEVELOPMENT

Economic Vitality Department

Program Description

The Economic Development program is responsible for enhancing the economic well-being and quality of life of the community and its residents by providing quality, useful information and responsive, effective services to targeted employers and industries, and revenue generators interested in building or expanding in Scottsdale.

Trends

The key indicators of performance for Economic Development are indirect measures such as targeted job creation and revenue enhancement. Economic Development can only assist in this process, as the private sector must actually perform in order to achieve these goals.

Program Broad Goals

Market and recruit targeted employers and support entrepreneurs and existing businesses in order to provide sustainable employment opportunities in Scottsdale while assuring that new employers pay scales accommodate working and living in Scottsdale and continue Scottsdale's history as a net importer of jobs.

Expand and maintain significant sales tax revenue generators for the City through the enhancement of retail sales-based businesses.

Provide high quality, accessible market information on the Scottsdale market and Scottsdale development

Program 2005/06 Objectives

Market, recruit and encourage development of new retail facilities that augment and diversify the range of shopping opportunities for citizens and visitors. Work with the owners and developers of the Scottsdale Rd./Loop 101 development, and with the State Land Department on viable retail vision for cross roads.

Focus attraction efforts on smaller to mid-sized companies that generate high wages, and provide minimal negative community impacts. Work with GPEC and State on the recruitment of direct and appropriate support businesses for targeted industries.

Work with the technology related organizations on the development and promotion of technology, biotechnology base and associated telecommunications infrastructure in Scottsdale.

Regularly update and post economic, retail, demographic, and tourism related information via the City's Internet and in print.

Program Provided in Partnership With

City Council, City Manager, other City departments, Greater Phoenix Economic Council (GPEC), Arizona Land Department, Arizona Department of Commerce

Program Customers

City Council, City Manager, other City departments, existing and prospective businesses, other economic development and governmental agencies, general public

City Council's Broad Goal(s)

Economy

Basic Equipment

Computers, telephones, general office equipment

Special Equipment

Geographic/Economic software

Resources by Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
General Fund Support	\$266,391	\$291,281	\$291,836	\$309,442
Total Program Revenues	\$266,391	\$291,281	\$291,836	\$309,442

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$163,810	\$168,484	\$169,039	\$184,733
Contractual Services	99,792	120,248	120,248	121,559
Commodities	2,789	2,549	2,549	3,150
Total Program Budget	\$266,391	\$291,281	\$291,836	\$309,442

Performance Measures

Program/Service Outputs: (goods, services, units produced)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
Targeted job creation	20 companies with 2,000 jobs created	23 companies with 1,800 jobs created	Estimate is 15 companies with 1,000 jobs created	Estimate is 15 companies with 1,000 jobs created

Program/Service Outcomes: (based on program objectives)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
Continue to foster revenue enhancement which will be measured by the increase of sales tax revenue	n/a	2%	8%	8%

Program Staffing

1 Full-Time Economic Vitality Mgr	1.00
1 Full-Time Economic Vitality Spec	1.00
Total Program FTE	2.00

Prior Year Highlights

Attracted an estimated 14 new targeted businesses to Scottsdale, who are expected to employ 1,600 persons at an average salary of \$50,000; the local unemployment rate has fallen to less than 3%.

Assisted in attracting a number of major new retail facilities to Scottsdale, such as shopping centers and auto dealers; total sales tax receipts to the City this fiscal year are up approximately 10%.

Stepped up efforts to focus on technology and bioindustry sectors. Major new initiatives, such as the ASU Center for New Technology and Innovation and the Mayo Collaborative Research Facility have stimulated new interest by businesses in these sectors – for example, the City landed three new pharmaceutical companies over the last year.

HOSPITALITY DEVELOPMENT

Economic Vitality Department

Program Description

The Tourism Development program is responsible for the economic well-being and quality of life of the community and its residents by strengthening the local tourism industry through a comprehensive tourism development program of tourism research, marketing and promotion, support of special events, and the development of destination attractions and tourism infrastructure.

Trends

There were gradual increases in occupancy and average rates during the past year, but they still have not returned to pre-9/11 levels. The three major new resorts just outside of Scottsdale will continue to impact the Scottsdale hotel market.

Program Broad Goals

Special events are one of Scottsdale's most important tourism marketing tools. Events such as the FBR Open, Barrett Jackson Auto Auction, Scottsdale Arabian Horse Show, and the Fiesta Bowl not only attract significant numbers of visitors to the area, but also provide valuable exposure to potential visitors through their media coverage.

The development of new destination attractions that are in keeping with the character of the community, and which are consistent with the industry's major "drivers" or theme (golf, western, art/culture, culinary, and participatory sports) to help broaden the market, and provide additional reasons for visitors to choose Scottsdale as their destination.

Work with the Scottsdale Convention and Visitors Bureau to find ways to maximize the limited bed-tax dollars available for destination marketing to attract our targeted visitor.

Program 2005/06 Objectives

Facilitate the mix of product and experience to meet and exceed customer expectations.

Expand the City's event support program to better meet changing needs and current trends

Find ways to better explain the value of the tourism industry to the community.

Program Provided in Partnership With

City Council, City Manager, other City departments, Scottsdale Convention & Visitor's Bureau, Tourism Development Commission

Program Customers

City Council, City Manager, other City departments, the Scottsdale Convention & Visitor's Bureau, local tourism industry

City Council's Broad Goal(s)

Economy

Basic Equipment

Computers, telephones, general office equipment

Special Equipment

None

Resources by Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
General Fund Support	\$5,371,063	\$5,266,502	\$6,023,951	\$6,972,129
Total Program Revenues	\$5,371,063	\$5,266,502	\$6,023,951	\$6,972,129

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$101,982	\$149,324	\$149,324	\$265,665
Contractual Services	5,269,081	5,115,888	5,873,337	6,695,378
Commodities	-	1,290	1,290	11,086
Total Program Budget	\$5,371,063	\$5,266,502	\$6,023,951	\$6,972,129

Performance Measures

Program/Service Outcomes: (based on program objectives)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
Annual percentage increase in Bed Tax receipts	1% plus	3% plus	5% plus	3.5%
Scottsdale hotel/motel average occupancy rate	55%	57.5%	60%	62%

Program Staffing

1 Full-Time Economic Vitality Researcher	1.00
1 Full-Time Event Services & Dev Mgr	1.00
1 Full-Time Tourism Development Mgr	1.00
Total Program FTE	3.00

Prior Year Highlights

Continued to support the local tourism industry through a comprehensive tourism development program including marketing, event support, infrastructure development, and research. Assisted with the planning and development of a number of new hotels, including the Valley Ho, the W, and the Ritz Carlton resort.

Hotel occupancy increased 7.2% with a 2.5% increase in the average rate in calendar year 2004. 2004/05 fiscal year-to-date (through May) bed tax receipts increased 10% over the same period last year.

Increased efforts to retain major events in Scottsdale resulting in the development of multi-year agreements with the P.F. Chang Rock 'n Roll Arizona Marathon and Half Marathon and the Fiesta Bowl

REVITALIZATION

Economic Vitality Department

Program Description

The Revitalization program is responsible for enhancing the economic well-being and quality of life of Scottsdale by encouraging continued reinvestment in the mature areas of the community in both commercial and residential properties through private entities and/or private/public partnerships.

Trends

While there are sections of the mature portion of Scottsdale that do need assistance, much of this area remains stable and is seeing new investment. The housing appreciation rate in South Scottsdale is one of the highest in the Valley, and significant new capital investment is occurring in the residential and commercial sectors.

Program Broad Goals

Focus on commercial real estate in partnership with other city departments to create an overall revitalization (reinvestment in existing properties) in the mature areas of Scottsdale.

Encourage private redevelopment (new commercial and residential uses on vacant or obsolete properties) in the mature areas of Scottsdale that will support the surrounding business community.

Working within the mature areas of Scottsdale, act as the Development Project Manager to bring to fruition key public projects of all sizes that can effect perception and investment in those sections of the Community.

Program 2005/06 Objectives

Continue moving forward with key revitalization strategies such as the McDowell Streetscape improvements, construction of the McDowell Village Senior Center facility, and work with Business Services on key items for Motor Mile public/private partnership.

Negotiate a development agreement for the Rose Garden parking lot and redevelopment.

Provide project management for existing development agreements and public/private partnerships such as the South Canal Bank/Stetson Plaza project.

Create and update, on a quarterly basis, a Revitalization Opportunities Map and Database as well as the Revitalization Projects in Mature Scottsdale List.

Work with Planning and Development staff on appropriate zoning and ordinance changes that could have a positive impact on revitalization of existing commercial facilities south of Indian Bend Road.

Program Provided in Partnership With

Other City departments, private sector

Program Customers

City Council, City Manager, other City departments, existing and potential businesses, property owners

City Council's Broad Goal(s)

Economy

Basic Equipment

Computers, telephones, general office equipment

Special Equipment

None

Resources by Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
General Fund Support	\$174,002	\$244,337	\$244,337	\$248,714
Total Program Revenues	\$174,002	\$244,337	\$244,337	\$248,714

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$170,349	\$171,726	\$171,726	\$175,539
Contractual Services	3,653	70,963	70,963	70,825
Commodities	-	1,648	1,648	2,350
Total Program Budget	\$174,002	\$244,337	\$244,337	\$248,714

Performance Measures

Program/Service Outcomes: (based on program objectives)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
Housing appreciation rates (ASU Study) South Scottsdale District	7.8%	6.4%	9.2%	7.8%
Dollar value of new construction south of Chaparral Road.	\$56.2 million	\$47.5 million	\$73.7 million	\$75.0 million

Program Staffing

1 Full-Time Economic Vitality Mgr	1.00
1 Full-Time Economic Vitality Spec	1.00
Total Program FTE	2.00

Prior Year Highlights

Supported the redevelopment of downtown Scottsdale through a variety of programs and efforts; total new private sector investment in downtown has exceeded \$1 billion over the past few years; major projects include the Waterfront, Main St. Plaza, Stetson Plaza, the W Hotel, Optima, and the Riverview project.

Current focus is on supporting the revitalization of the McDowell Corridor – several new projects are underway or complete (such as McDowell Village and the McDowell Road Streetscape), and negotiations have begun on several other key commercial revitalization projects (such as the K-Mart center and Los Arcos Crossing). Additionally, developed a new marketing program for the Motor Mile auto dealers, which has now kicked off.

EXISTING BUSINESS SERVICES

Economic Vitality Department

Program Description

The Existing Business Services program is responsible for enhancing the economic well-being and quality of life of the community and its residents by assisting in the retention and/or expansion of the existing business base, preserving employment, maintaining, expanding, and diversifying the tax base, and reinforcing the positive economic environment of Scottsdale.

Trends

Existing businesses create about 90% of all new jobs in the community and provide significant tax revenues to the City. Therefore, finding ways to support and enhance existing businesses is a critical part of creating long-term economic sustainability.

Program Broad Goals

Develop an understanding of short and long-term issues affecting small and large companies and act on those issues for the mutual benefit of the community and businesses.

Create and maintain a business information database for existing Scottsdale businesses that can be used for research, trend analysis, business community composition and other efforts concerning the existing business community in Scottsdale.

Develop mid and long-term strategies and projects to deal with issues that require significant time and resources to resolve. Focus on commercial reinvestment areas without excluding other business areas of the City.

Evaluate investment opportunities in mature commercial areas and propose projects and programs that encourage public and private reinvestment.

Program 2005/06 Objectives

Organized Commercial Reinvestment Areas Program through a cooperative process with other city departments. Initial focus will be on Southern Scottsdale.

Create small business education programs and maintain a database useful to small businesses

Continue the facade improvements program to improve older commercial buildings in downtown.

Program Provided in Partnership With

Other City departments, private sector, Chamber of Commerce, small business development center

Program Customers

City Council, City Manager, other City departments, existing businesses in Scottsdale

City Council's Broad Goal(s)

Economy

Basic Equipment

Computers, telephones, general office equipment

Special Equipment

None

Resources by Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
General Fund Support	\$129,340	\$188,619	\$188,619	\$215,921
Total Program Revenues	\$129,340	\$188,619	\$188,619	\$215,921

Expenditures By Type

	Actual 2003/04	Adopted 2004/05	Estimate 2004/05	Adopted 2005/06
Personal Services	\$93,256	\$148,802	\$148,802	\$173,561
Contractual Services	36,084	37,102	37,102	39,185
Commodities	-	2,715	2,715	3,175
Total Program Budget	\$129,340	\$188,619	\$188,619	\$215,921

EXISTING BUSINESS SERVICES

Economic Vitality Department

Performance Measures

Program/Service Outputs: (goods, services, units produced)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
# of business licenses renewed in Scottsdale	23,094	22,575	27,000	28,500
# of jobs in Scottsdale	132,000	135,000	139,000	152,000

Program/Service Outcomes: (based on program objectives)

	Actual FY 2002/03	Actual FY 2003/04	Projected FY 2004/05	Projected FY 2005/06
# of visits with existing businesses	100	150	200	250
# of businesses assisted by City to make building improvements	5	10	20	25

Program Staffing

1 Full-Time Economic Vitality Mgr	1.00
1 Full-Time Economic Vitality Spec	1.00
Total Program FTE	2.00

Prior Year Highlights

The Covered Walkway and Facade Program ended the year with eleven (11) completed projects and a City commitment of approximately \$100,000. When complete the estimated 23 total projects will amount to well over \$1,000,000 of new investment in small business properties.

Fee reduction programs for downtown and southern Scottsdale businesses have now benefited over 300 projects since the beginning of the programs. Business and property owners have saved over \$200,000 as a result of the program. During the same time period the City has collected over \$300,000 in additional fees from these projects in the two areas.

The Building Bridges to Business (B3) program was initiated in cooperation with the Scottsdale Chamber of Commerce and Arizona Public Service Company (APS). In depth interviews were conducted with over twenty Scottsdale companies in the last quarter as the program continues to increase the knowledge base on the community's business partners.

